

January 16, 1976

SENATOR DUIS: You see, the patrons...may I explain, the patrons elect the Board of Directors and they establish the policy, that Board of Directors establish that policy. They can pay out, retain, you know what I mean, according. It is just a self-governed deal. What Senator Burbach's amendment does, it does not allow them to be self-controlled anymore. They have to have a withholding tax now.

SENATOR BARNETT: Okay, so then in other words, you and Senator Kremer, I believe are on the bill, you would oppose the amendment, then, the way it is.

SENATOR DUIS: Yes, because it is not accomplishing a thing except two tax notices instead of one because, let me explain it this way, if the patron was to get a \$1000 and they gave him \$500 cash and they withheld \$500 and the group of patrons have to pay on the \$500 that is withheld, they just have to take that from the profits that they are dealing out.

SENATOR BARNETT: That they would have received.

SENATOR DUIS: They would have received because they have got no place else to come from. If they paid out all the profits, all of the \$1000, they wouldn't have a dime to do business with the next year. You see, they have to disburse. The law requires they disburse all of the money, just like a chapter (s), but the federal law gives them the right to withhold some of that money.

SENATOR BARNETT: Would there be a difference in the tax amount or percent on an individual bases over the co-op?

SENATOR DUIS: Of course, this is another flaw in Senator Burbach's amendment because I don't know if the Revenue Department can withhold on a corporate tax rate that money which belongs to an individual. I don't even know that and I am not sure he knows it and I don't know whether they would know it for five years after they got into court to find out.

SENATOR BARNETT: Okay, thank you.

PRESIDENT: The Chair recognizes Senator Duis.

SENATOR DUIS: Mr. President, members of the Legislature, Senator Barnett just about took all my message away from me because, as I spent rather a sleepless night, and was able to get up in the middle of the night and write down some notes. Now I had developed almost the same retort I was going to bring up and I bring to the Legislature the fact that about all we are doing here in this amendment is creating two tax statements instead of one, and as long as...and I don't want the patrons to say that they are not part of the co-op. They are the co-op and they are locally controlled. They elect their Board of Directors who sets the policy as to how they should withhold from...

PRESIDENT: Excuse me, Senator Duis. It is far too noisy in this Chamber. Senator Kelly, do you think that could take place over under one of the balconies. Thank you,